

Agenda Date: August 25, 2011  
Item Number: A2

Docket: UW-111399  
Company Name: Rainier View Water Co., Inc.

Staff: Amy White, Regulatory Analyst  
Pam Smith, Consumer Protection Staff

### **Recommendation**

Issue a Complaint and Order Suspending the tariff revisions filed by Rainier View Water Co., Inc., on August 1, 2011.

### **Discussion**

On August 1, 2011, Rainier View Water Co., Inc., (Rainier View or company), filed tariff revisions increasing general rates. The increase would general approximately \$537,000 (12.3 percent) in additional annual revenue. The stated effective date is September 1, 2011. The filing was prompted by costs for company operations exceeding revenues. It proposes to increase base rate amounts and useage block rates for both residential and non-residential customers while maintaining the same useage block sizes. The company serves approximately 16,500 residential, upsize meter, and non-residential customers in Pierce and Kitsap County.

### **Customer Comments**

On August 1, 2011, the company notified its customers of the proposed rate increase by mail. Thirteen comments have been received to date; all are opposed to the proposed increase. Customers were notified that they may access documents pertinent to this rate case on the commission's website, and that they may contact Pam Smith at 1-888-333-WUTC (9882) or [psmith@utc.wa.gov](mailto:psmith@utc.wa.gov) with questions or concerns.

### **Service Quality**

- One customer stated that the company should not be allowed a rate increase when it provides poor quality water.

### **Staff Response**

Staff contacted Washington Department of Health (DOH) who explained that the customer's system has experienced occasions in which iron and/or manganese has caused the water to have an unpleasant look, smell or taste. These types of deposits are not harmful to human health. DOH further explained that iron and manganese issues are common in water systems in Pierce County.

Staff inquired with the company and learned that it is working on designing an iron and manganese removal system. The company said it hopes to have the system on line by next summer. Staff advised the customer of these findings.

- One customer says the company should not get the requested increase because the company will not increase water pressure to his neighborhood.

### **Staff Response**

Staff asked the company about requests from this customer's neighborhood for increased pressure. The company stated that the pressure has tested from 47 to 54 pounds per square inch (PSI) at the property lines in this neighborhood which exceed the DOH requirement of 30 PSI. The company explained to the customers that they will need to provide their own booster system if they want higher water pressure.

### **General Comments**

- Three customers commented that customers should not have to pay more just because the 2010 increase did not result in the expected level of revenue. One customer also mentioned that the past year was very wet so usage was likely down from previous years, and adds that customers have conserved water as the company requested. These factors plus the condition of our economy are the reasons the customers oppose the requested increase.
- Six comments mentioned the hardship the increase will create because of the current condition of our country's economy. The frequency of the company's requests for higher rates is mentioned in four complaints. Most of the comments mention that they cannot afford the proposed increase.

### **Staff response**

Customers were advised that state law requires rates to be fair, just, reasonable and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Using the proposed rates, a customer using 925 cubic feet of water per month (the calculated company-wide average) would pay \$2.53 (12.5 percent) more than the current rates (see "Average Bill Comparison" table below). Current and proposed rates are shown below for the general rate increase.

**Rate Comparison**

<b>Monthly Rate*</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
<b>Residential Metered Rate Service</b>		
Base Rate (3/4-inch meter)	\$12.22	\$13.90
0 – 600 Cubic Feet	\$.85	\$.95
601 – 3,000 Cubic Feet	\$.91	\$1.00
Over 3,000 Cubic Feet	\$5.00	\$5.00
Base Rate (1-inch meter)	\$15.11	\$17.75
0 – 1,500 Cubic Feet	\$.85	\$.95
1,501 – 7,500 Cubic Feet	\$.91	\$1.00
Over 7,500 Cubic Feet	\$5.00	\$5.00
<b>Non-Residential Metered Rate Service</b>		
Base Rate (1-inch meter)	\$12.13	\$17.75
0 – 1,500 Cubic Feet	\$.85	\$.95
1,501 – 7,500 Cubic Feet	\$1.10	\$1.25
Over 7,500 Cubic Feet	\$1.36	\$1.50

\* Other upsize meter rates are also changed and available in the proposed tariff.

**Average Bill Comparison**

<b>Average Monthly Usage 925 cubic feet</b>	<b>Current Rate</b>	<b>Proposed Rate</b>
Base Rate (3/4-inch meter)	\$12.22	\$13.90
0 - 600 cubic feet	\$5.10	\$5.70
601 - 930 cubic feet	\$3.00	\$3.25
Average Monthly Bill	\$20.32	\$22.85
Increase From Current Rates	\$2.53	12.5%

Commission staff has not completed its review of the company's supporting financial documents, books and records. The company responded electronically to outstanding data requests on August 16 with hard copy exhibits to follow and staff has not yet completed our review. Therefore, the company has not yet demonstrated that the proposed rates are fair, just, reasonable and sufficient.

**Conclusion**

Issue a Complaint and Order Suspending the tariff revisions filed by Rainier View Water Co., Inc., on August 1, 2011.